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Journ

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BPA and DSIs reach agreement

BPA and most of its direct service industry (DSI) customers reached agreement on the terms BPA will include in its initial power rate case proposal for serving the DSIs during the 2002-2006 rate period. The June 23 agreement culminated a series of discussions that have been ongoing since early May.

The agreement is contingent on the DSIs supporting a compromise approach for DSI service. As long as BPA continues to support the compromise approach in the rate case, the DSIs will not challenge certain

other BPA proposals in the rate case, and the DSIs will hold in abeyance the petitions they filed in the Ninth Circuit Court on their opposition to BPA's subscription strategy. In the event that the compromise approach is adopted by BPA in its final rate case Record of Decision, the DSIs will withdraw those petitions. In addition, they will accept exposure to the Cost Recovery Adjustment Clause (CRAC) and a transmission surcharge for the term of any new power sales contract entered into with BPA.

BPA will propose to make a total of 1,440 average megawatts available to the DSIs. About 1,210 aMWs of this amount will be proposed to be provided to those DSIs that support the compromise approach. This represents an amount of power equal to 75 percent of the load those companies are currently purchasing from BPA at the IP rate. BPA will propose that this power be sold at an average rate of 23.5 mills per kilowatt-hour and may be reduced to 23.0 mills per kilowatt-hour for the DSIs that are eligible for and participate in the 0.5 mill conservation and renewables (C & R) discount credit. BPA will propose to make 230 aMW available to those DSIs that did not agree to the compromise approach at an average rate of 25 mills per kilowatt-hour. The 25 mill rate may also be reduced by the C & R discount, if applicable. An option of a variable rate pegged to the price of aluminum is also included for both groups.

The proposal is the best balance BPA could find at this time to help maintain a healthy Northwest economy while having the least financial impact on BPA's public and privately owned utility customers. The DSIs have stated that their survival hinges on the price BPA will charge them for power for the fiscal year 2002-2006 rate period.

BPA is confident it can fulfill the terms of the proposal while meeting its commitment to the fish and wildlife funding principles and maintaining stable rates for its utility customers. The proposal to serve the DSIs does not affect any aspect of BPA's residential exchange settlement proposals. Further, BPA is confident it can fulfill the terms of the proposal and still achieve its goal of providing power and benefits in the amount of 1,800 average megawatts of low-cost federal power for sale to residential and small farm customers.

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Power rate case to begin soon

BPA hopes to begin its power rate case in early August with publication of the proposed rates in the Federal Register. In preparing the Initial Proposal, BPA took extra time to work with various regional interests in an effort to develop consensus on a number of complex issues. Questions concerning funding for fish and wildlife, possible settlement of the Residential Exchange Program, formation of new public utilities, service to direct service industry customers and, of course, rate levels affect regional interests differently. BPA believes that taking the extra time to discuss these issues with various stakeholders and to hear their concerns has helped improve mutual understanding even if parties do not always agree.

Now that the agency is close to releasing its proposal, BPA is subject to the ex parte rule of the Administrative Procedures Act. This rule precludes BPA employees from discussing the merits of any issue pending in the rate case with any non-BPA employee outside of the formal hearing process.

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WSCC launches reliability standards

BPA was among 23 utilities, marketers and generators that signed up for a new power grid reliability

program for the western United States and Canada — the Western Systems Coordinating Council's Reliability Management System.

The Reliability Management System is designed to improve transmission reliability in a restructured marketplace. Participating council members voluntarily signed contracts agreeing to comply with 17 reliability criteria, with mandatory sanctions if they fail to meet them. The Department of Justice cleared the way for implementation of the system with a June 14 letter that said the system does not violate antitrust laws or otherwise impede fair competition. The criteria will be phased in over two to three years. BPA Senior Vice President Harvey Spigal was honored for his role in the two-year process to develop and approve the new system.

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Tribes dedicate wildlife area

The Confederated Tribes of the Umatilla Indian Reservation recently dedicated the 8,411-acre Rainwater Ranch Wildlife Area in southeastern Washington. The tribes purchased the property for \$3.9 million using funding provided by BPA under the Northwest Power Planning Council's fish and wildlife program. The property along the Blue Mountains near Dayton, Wash., is a haven for big game.

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International effort to save sturgeon

Precious cargo — 20,000 white sturgeon eggs — arrived at a new Kootenay sturgeon hatchery near Fort Steele, British Columbia, last week from the Kootenai Tribe sturgeon hatchery at Bonner's Ferry, Idaho. The delivery is the first under an international partnership to save the ancient endangered fish. BPA funded about \$500,000 to the Kootenai Tribe in Idaho and the Ministry of Fisheries in B.C. to build and stock the hatchery. It will provide two-year old sturgeon for release into the Kootenai River in Idaho. (From Idaho, the Kootenai runs north into British Columbia, where it is spelled Kootenay.) Since construction of the Libby Dam in Montana in the early 1970s, there has been very little natural spawning in the river. Partners in the restoration effort include the U.S. Fish and Wildlife Service, B.C. Ministry of Fisheries, Kootenai Tribe, the states of Idaho and Montana, BPA and other agencies.

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Fiber optics will help southern Oregon coastal cities

BPA representatives on June 9 signed a first-ever agreement that puts fiber optics communications within the reach of coastal communities in Southern Oregon. The agreement helps diversify economies and upgrade communications for schools, hospitals, libraries and other public services in rural communities that have been hit hard by the loss of jobs in the fishing and timber industries. BPA signed the agreement — a memorandum of understanding — with CoastNet, a non-profit local exchange company, borne from deregulation in the telecommunications industry. Lincoln County delegated economic development duties to CoastNet. Workers install fiber optic cable on existing BPA transmission lines. While BPA uses most of the cable's capacity to operate part of the Northwest transmission grid, the agreement sets aside 12 of the fibers for communities. CoastNet provides the equipment to activate the 12 fibers and extend services to communities along the route. Communities include Bandon, Newport, Reedsport and Coquille, Ore.

Two other fiber optic projects are in the works. A line linking Olympia to Aberdeen, Wash., will help

serve the communications needs of new businesses at the Satsop Redevelopment Park. BPA is also working with the Washington PUD Association to provide two fibers to areas of rural Washington.

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BPA is an ENERGYSTAR® partner

BPA signed an agreement with the Environmental Protection Agency and the Department of Energy that makes BPA an ENERGYSTAR® partner. The product labeling program is a joint effort of EPA and DOE to help consumers find products and services that are sufficiently energy efficient to ensure that the consumer will be improving environmental quality by purchasing the labeled products. By the end of 1999, 50 types of products and services are expected to carry the ENERGYSTAR® logo.

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BPA purchases wind power

BPA is purchasing 1.8 megawatts of energy produced by three wind power turbines at the Foote Creek Wind Energy Project located near Arlington, Wyo. The purchase is enough energy to power about 700 homes. SeaWest WindPower Inc. and Tomen Power Corp., both of San Diego, Calif., developed the Wyoming project. Two Oregon-based utilities, PacifiCorp of Portland and the Eugene Water & Electric Board of Eugene, own 69 wind turbines there. BPA agreed to purchase 15 megawatts from the facility's 41.4-megawatt output and sold that power to Salem Electric of Salem, Ore., earlier this year.

In the second phase of the project, BPA worked with SeaWest to install three additional 600-kilovolt wind turbines. SeaWest will own and operate the three turbines and sell the power exclusively to BPA. Power from the turbines went on line June 18. Three environmental groups, the Renewable Northwest Project, the Natural Resources Defense Council and the Northwest Energy Coalition have endorsed the wind project as an environmentally preferred energy resource.

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House of the future built in NW

BPA, in partnership with Kootenai Electric Cooperative, is taking an innovative approach to engage the public on energy efficiency, resource-efficient construction and a healthy indoor environment. The NeXt House is a showcase home currently under construction. It will give people a chance to see a mix of elements and systems working together to provide maximum comfort with a minimum energy requirement. The latest in super efficient windows, high efficiency heating and air conditioning systems, appliances, water efficient landscaping and a complete home automation system are just some of the features of the NeXt House.

Construction on the NeXt House began in April and is scheduled for completion in mid-July. The house will be open to the public from July 31 through Aug. 8 in Post Falls, Idaho, as part of the North Idaho Building Contractors Association 1999 Parade of Homes. Visitors will see a proton exchange membrane fuel cell system in action. The system converts hydrogen-rich fuels like natural gas, methane and propane into electricity, heat and water.

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PUBLIC INVOLVEMENT

Status Reports

Big Eddy-Ostrander Vegetation Management EA.

Ore. — To control vegetation on two segments of the 500- kV transmission line right-of-way. One segment is from Lolo Pass to near Parkdale. The other segment is east of Parkdale. An EA is being prepared. Call to be added to the mail list.

Fourmile Hill Geothermal Development Project EIS (Calpine)

No. Calif. — A geothermal power plant and new transmission line have been proposed on Forest Service land in the Klamath and Modoc forests. BLM has the lead. BPA is a cooperating agency. A final EIS and summary are available. Call to receive a copy.

IDFG Snake River Chinook Captive Rearing

Idaho — To fund Idaho Department of Fish and Game's captive rearing project for Endangered Species Act-listed Snake River spring/summer chinook salmon. An EA is being prepared. Call to be added to the mail list.

Johnson Creek Artificial Propagation Enhancement

Idaho — Development of a native chinook salmon broodstock for rearing of acclimated smolts to preserve and recover the population. An EA is being prepared. Call to be added to the mail list.

Northwest Regional Power Facility

Wash. — To construct a combustion turbine near Creston. The final EIS (#2887) and a supplement analysis are available. Call to receive a copy.

Reedsport-Fairview Transmission Project

Ore. — To improve reliability and limit maintenance costs on a segment of Reedsport-Fairview No. 1, a 115-kV transmission line. BPA has decided to construct 3.6 miles of new 115-kV transmission line to replace 8.7 miles of the existing line. The EA and FONSI (#3187) are available. Call to request a copy.

South Oregon Coast Reinforcement EIS

Ore. — To reinforce electrical service to the southern Oregon coast and provide the necessary transmission for Nucor Corp. to build a new steel mill in the Coos Bay/North Bend area. The Bureau of Land Management, Forest Service, U.S. Fish and Wildlife and Corps of Engineers are cooperating agencies. A draft EIS is being prepared. Call to be added to the mail list.

Telephone Flats Geothermal Project EIS (CalEnergy)

No. Calif. — A geothermal power plant and new transmission line have been proposed on Forest Service land in the Modoc Forest. BLM has the lead and BPA is a cooperating agency. The final EIS (#0298) and summary are available. Call to receive a copy.

Vegetation Management Program EIS

Regionwide — To develop a vegetation management program while maintaining a safe and reliable transmission system. The draft EIS is being prepared. Call to be added to the mail list.

Yakima Fisheries Project

Wash. — Under the Fall Chinook and Coho Research Program, BPA, Yakama Indian Nation and Washington Department of Fish & Wildlife are proposing to collect broodstock, incubate eggs and rear

fry in hatcheries; acclimate and release smolts; and study the natural production, ecological interactions, long-term fitness, and culturing/genetics of spring and fall chinook and coho salmon in the Yakima River basin. In the Klickitat basin, salmonid life history and physical habitat data would be collected. A Supplement Analysis (DOE/EIS-0669-SA-1) is available. Call to receive a copy.

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Acronyms:

EA: Environmental Assessment

EIS: Environmental Impact Statement

FONSI: Finding of No Significant Impact

NOI: Notice of Intent

ROD: Record of Decision

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We welcome all comments from you at Journal-AC, Bonneville Power Administration, P.O. Box 3621, Portland, OR 97208-3621 or enballa@bpa.gov.

For More Information or To Get Involved:

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